



United States Department of the Interior

BUREAU OF RECLAMATION
Mid-Pacific Regional Office
2800 Cottage Way
Sacramento, California 95825-1898

IN REPLY
REFER TO:

MP-720
PRJ-2.00

MAY 29 2009

Interested Parties (See Enclosed List)

Subject: Plan Formulation Report for the North-of-the-Delta Offstream Storage Investigation

Dear Ladies and Gentlemen:

The Bureau of Reclamation and California Department of Water Resources (DWR) are conducting a feasibility study of increasing surface water storage in the Sacramento Valley consistent with the CALFED Programmatic Record of Decision. We have completed a Plan Formulation Report (PFR) as part of the feasibility study process for the North-of-the-Delta Offstream Storage (NODOS) Investigation. The investigation is focused on the potential to increase surface water storage capacity, supply, reliability, and system flexibility for agricultural, municipal, industrial, and environmental purposes. The PFR displays the formulation, evaluation, and comparison of alternative plans and their potential effects.

Completing the PFR is an intermediate step in the Federal and State decision-making process. Additional reports as we progress toward feasibility-level studies, including draft and final Feasibility Reports and Environmental Impact Statements/Reports will follow as detailed analyses and required environmental analysis processes are completed. Concerned stakeholders and members of the public will continue to have opportunities to participate, including formal review and comment opportunities, as we progress.

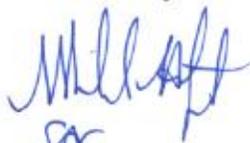
As Reclamation and DWR have proceeded with the investigation, essential environmental, hydrologic, and regulatory conditions in the Sacramento and San Joaquin River Basins and the San Francisco Bay-Delta have changed significantly. Changes are continuing so rapidly that our studies and reports are not keeping pace. For example, as you review the PFR, you will recognize that the planning assumptions and information reflect the Federal Central Valley Project and State Water Project (Projects) operational conditions as described in the 2004/2005 Biological Opinions. Since 2005, these opinions have been updated, litigated, and partially replaced. The latest Biological Opinion from the Fish and Wildlife Service regarding the threatened Delta Smelt was issued in December 2008, and several lawsuits have already been filed against this opinion and DWR has requested a reconsultation. These events are illustrative of the dynamic regulatory and biological environment upon which the benefits and impacts of the NODOS Investigation must be analyzed.

The Delta is the hub of the conveyance facilities for both Projects. Opportunities to utilize the Projects' Delta export and conveyance facilities have been curtailed as concerns for protected fish species and their habitat have increased. The Projects were specifically designed to function with the current storage and conveyance capacities. Therefore, reliable access to adequate Delta export and conveyance capacity is essential to not only the current State and Federal project operations, but also for developing new environmentally and economically justified water supply projects. As Delta export and conveyance declines, so do many of the benefits of the CALFED storage projects.

Reclamation has joined the State of California in its unprecedented effort to resolve the conflicts between water management operations, threatened and endangered species, and ecosystem health in the Delta. Current planning efforts for the Bay-Delta Conservation Plan (BDCP) and Delta Habitat Conservation and Conveyance Program (DHCCP) are focused on developing ecological solutions to protect Delta fisheries while providing a sustainable and reliable water conveyance system for the Projects. Once a reasonably foreseeable and sustainable resolution to the current fisheries decline and Delta export and conveyance constraints is identified through the BDCP and DHCCP processes, Reclamation and DWR will conduct up-to-date analyses to complete the NODOS Investigation and the other storage feasibility studies.

The PFR is available online at <http://www.usbr.gov/mp/nodos/docs/index.html>. For additional information, please contact David Lewis, Reclamation's Project Manager at 916-978-5071 or at dlewis@mp.usbr.gov; or Sean Sou, DWR's Project Manager at 916-651-9269 or sou@water.ca.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "Pablo Arroyave".

for
Pablo Arroyave

Deputy Regional Director